



December 20, 2012

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Re: **Connect America Fund, WC Docket No. 10-90**

Dear Ms. Dortch:

This is to inform you that on December 17, 2012, the undersigned representing USTelecom, along with Maggie McCready and Chris Miller (Verizon), Mike Skrivan and Karen Brinkmann (FairPoint), Malena Barzilai (Windstream), Mary Henze and Cathy Carpino (AT&T), and Jeff Lanning (CenturyLink), met with Carol Matthey, Amy Bender, Christopher Cook, Travis Litman, Alexander Minard, Deena Shetler, and Doug Slotten, of the Wireline Competition Bureau.

We discussed two issues concerning the treatment of frozen legacy support under the Commission's *USF/ICC Transformation Order*. First, we discussed Rule 54.313(c)'s requirement that companies that receive frozen legacy support must certify to using that support to build and operate broadband networks in areas where there is no unsubsidized competitor. In 2013, one-third of frozen legacy support is to be used for this purpose. Because companies receiving this frozen legacy support are eligible telecommunications carriers (ETCs), this certification appears to be required on a study area basis. *See USF/ICC Transformation Order* at para. 573. We raised the possibility that, in some study areas, there may be very few, if any, areas eligible for support due to the prevalence of unsubsidized broadband competition. We suggested that, in such cases, the amount of frozen legacy support remaining should be made available to support the building and operation of broadband networks in other areas where there is no unsubsidized competitor.

Second, we discussed how best to implement Commission directives regarding the use of components of price cap company frozen legacy support. Certain language in the *USF/ICC Transformation Order* appears to direct companies to allocate an amount of frozen legacy support equivalent to the amount of IAS and ICLS support received in 2011 to the calculation of interstate rates under existing rules for those rates. *See* Rule 54.312(a)(3) and para. 152. Other language in the order appears to direct, in 2013, one-third of the entire amount of legacy frozen support to be used to build and operate broadband networks in certain areas. We discussed the role that IAS and ICLS support (and LSS support for certain carriers) plays in the process of calculating and reducing interstate rates including the subscriber line charge. We also discussed

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the interplay between using frozen legacy support for broadband and to flow into the calculation of interstate access rates and how best to balance the two.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jonathan Banks".

Jonathan Banks  
Senior Vice President, Law & Policy

c: Carol Matthey  
Amy Bender  
Christopher Cook  
Travis Litman  
Alexander Minard  
Deana Shetler  
Doug Slotten